

BANK, SAVINGS & LOAN AND CREDIT UNION DEPOSIT LAW



**STATE TREASURER
SACRAMENTO, CALIFORNIA**

SOURCES: CALIFORNIA GOVERNMENT CODE, TAKEN FROM CHAPTERS 4 AND 4.5
CALIFORNIA CODE OF REGULATIONS, STATE TREASURER'S OFFICE

**STATE OF CALIFORNIA
OFFICE OF THE STATE TREASURER
GOVERNMENT CODE**

Chapter 4. Bank Deposits

Article 1. General

16500. As used in this chapter, "eligible bank" means a state or national bank located in this state, selected by the Treasurer for the safekeeping of money belonging to or in the custody of the state, that has received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of the bank's record of meeting the credit needs of the state's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. An eligible bank is eligible to receive deposits only to the extent that it furnishes the security required by this chapter.

16500.5. (a) The definitions in Section 1700 of, and Chapter 1 (commencing with Section 99) of Division 1 of, the Financial Code apply to this section.

(b) In this chapter, for purposes of being an eligible bank for the safekeeping of moneys belonging to, or in the custody of, the state, the phrases "state or national bank located in this state," "state or national bank," "state or national bank in this state," and "state or national banks in the state" shall include, without limitation, any of the following:

(1) Any California branch office of a foreign (other state) state bank that the bank is authorized to maintain under the law of its domicile and federal law.

(2) Any California branch office of a foreign (other state) national bank that the bank is authorized to maintain under federal law.

(3) Any California branch office of a foreign (other nation) bank that the bank is licensed to maintain under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 of the Financial Code.

(4) Any California federal branch of a foreign (other nation) bank that the bank is authorized to maintain under federal law.

16501. Under the conditions as the Treasurer with the approval of the Director of Finance may establish, the Treasurer may deposit money in banks outside this

state when the banks are fiscal agents of the state or custodians of securities owned by the state, if the banks have an overall rating of not less than "satisfactory" in their most recent evaluation by the appropriate federal financial supervisory agency of the banks' record of meeting the credit needs of the communities in which the bank is located, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

16502. All other money in the State Treasury or under the control of the Treasurer belonging to or in the custody of the State, shall, so far as possible, be deposited by the Treasurer to the credit of the State in eligible banks. Any sum in the State Treasury so deposited is deemed to be in the State Treasury. Any other amount so deposited is deemed to be held in trust by the Treasurer.

16503. Subject to the limitations of Article 4.5 (commencing with Section 16480) of Chapter 3, the Treasurer shall determine what amounts of money shall be deposited:

- (a) As time deposits, and the rates of interest to be received.
- (b) As demand deposits, and the rates of interest to be received, if any.

16504. Subject to the applicable contract, the Treasurer may call in money from time deposits and place it in demand deposits, when necessary to meet current requirements; and time money in his possession for which there is no demand may be placed as demand deposits.

16505. Deposits in any bank shall not exceed the total of its net worth.

16506. All money belonging to or in the custody of the state under the control of any state officer or employee, other than the Treasurer, except petty cash funds authorized by the Department of Finance, shall be deposited in such state or national banks in this state and under such conditions as the Director of Finance prescribes. Banks receiving such deposits shall be required to deposit with the Treasurer the same security as is required by this chapter for deposits made by the Treasurer. Banks receiving deposits of money from a county advanced or apportioned to it pursuant to Section 4481 of the Food and Agricultural Code shall be required to secure such deposits in accordance with Article 2 (commencing with Section 53630) of Chapter 4, Part 1, Division 2 of Title 5.

16507. A State officer is not liable on his official bond for losses caused by the failure of a bank in which is made a deposit of money belonging to an inmate of a State institution, if the officer was required or permitted by law to act as a trustee or fiduciary with respect to the money and if he made the deposit in good faith and in accordance with law.

16508. The Treasurer is not responsible for any money deposited in a bank pursuant to this chapter, and while it remains so deposited.

16509. The Treasurer is responsible for the safekeeping, management and disbursement of the certificates of deposit received and the securities deposited with him, the interest received on deposits, and the proceeds of any sale under this chapter. The State is responsible for the custody and safe return of any securities so deposited.

16510. Any State officer or employee who deposits any money belonging to or in the custody of the State in any manner other than as prescribed in this chapter is subject to forfeiture of his office or employment.

Article 2. Security for Deposits

16520. Security shall not be required for that portion of any deposit that is insured under any law of the United States.

16521. To be eligible to receive and retain demand or time deposits, a bank shall deposit with the Treasurer as security for such deposits, securities specified in Section 16522, and approved by the Treasurer, in an amount in value at least 10 percent in excess of the amount deposited with the bank. Uncollected funds shall be excluded from the amount deposited in a demand account with a bank when determining the security requirements for such deposits.

16522. The following securities may be received as security for demand and time deposits:

(a) Bonds, notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as those loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any county, city, town, metropolitan water district, municipal utility district, municipal water district, bridge and highway district, flood control district, school district, water district, water conservation district or irrigation district within this state, and, in addition, revenue or tax anticipation notes, and revenue bonds payable solely out of

the revenues from a revenue-producing property owned, controlled or operated by this state, or such local agency or district, or by a department, board, agency, or authority thereof.

(d) Registered warrants of this state.

(e) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, consolidated obligations of the Federal Home Loan Banks established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association and of the Government National Mortgage Association established under the National Housing Act as amended, in the bonds of any federal home loan bank established under said act, bonds, debentures, and other obligations of the Federal Home Loan Mortgage Corporation established under the Emergency Home Finance Act of 1970, and in bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended.

(f) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

(g) Promissory notes secured by first mortgages and first trust deeds upon residential real property located in California, provided that:

(1) Notwithstanding Section 16521, the promissory notes shall at all times be in an amount in value at least 50 percent in excess of the amount deposited with the bank;

(2) The Treasurer issues regulations, establishes procedures for determining the value of the promissory notes and develops standards necessary to protect the security of the deposits so collateralized;

(3) The depository may exercise, enforce, or waive any right or power granted to it by promissory note, mortgage, or deed of trust; and

(4) The following may not be used as security for deposits:

(i) Any promissory note on which any payment is more than 90 days past due,

(ii) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust, or

(iii) Any promissory note secured by a mortgage or deed of trust as to which a notice of default has been recorded pursuant to Section 2924 of the Civil Code or an action has been commenced pursuant to Section 725a of the Code of Civil Procedure.

(h) Bonds issued by the State of Israel.

(i) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, or the Government Development Bank of Puerto Rico.

(j) Any municipal securities, as defined by Section 3(a)(29) of the Securities Exchange Act of June 6, 1934, (15 U.S.C. 78, as amended), which are issued by this state or any local agency thereof.

(k) Letters of credit issued by the Federal Home Loan Bank of San Francisco, which shall be in the form and shall contain provisions as the Treasurer may prescribe, and shall include the following terms:

(1) The Treasurer shall be the beneficiary of the letter of credit.

(2) The letter of credit shall be clean and irrevocable, and shall provide that the Treasurer may draw upon it up to the total amount in the event of the failure of the bank or if the bank refuses to permit the withdrawal of funds by the Treasurer or any other authorized state officer or employee.

16523. If it appears to him necessary for the security of the State, the Treasurer shall require as a condition of eligibility that a bank furnish an indemnity bond approved by the Treasurer, conditioned against loss by any depreciation in value that may occur in securities deposited as security for the safekeeping and prompt payment of deposits. The sureties shall not be stockholders of the principal.

16525. In lieu of deposits of securities, any otherwise eligible bank may deposit with the Treasurer bonds of admitted surety insurers as security for demand and time deposits.

16526. An admitted surety insurer is not eligible as surety for demand or time deposits in any one bank in amounts in excess of 10 percent of the capital and surplus of the surety as shown in the preceding report issued by the United States Treasury Department.

16527. On demand of the Treasurer, the Insurance Commissioner shall issue a certificate showing the qualifications of any admitted surety insurer as surety for demand or time deposits.

16528. The bond of an admitted surety insurer shall not be accepted as security for demand or time deposits unless it has been certified by the Insurance Commissioner as meeting the requirements of this chapter and unless it also holds a certificate of authority from the United States Treasury Department under which it is eligible as surety on federal bonds.

16529. The form of bonds required under this chapter shall be prescribed by the Attorney General.

16530. A surety upon any bond to secure demand or time deposits may terminate the bond as to future liability by giving 10 days' written notice of termination to the Treasurer. Such notice of termination shall not affect any liability accruing prior to the expiration of the 10-day period. Within 10 days after receipt of such a notice of termination, the Treasurer shall require other acceptable security or withdraw the deposits secured by the bond to be terminated.

16531. That portion of any security for deposit that is in excess of the requirements of this article may be withdrawn or released on the written consent of the Treasurer.

16532. If any bank fails to pay all or any part of such deposits on demand of the Treasurer, pursuant to the terms and conditions of the contract relating to the deposit that is to be withdrawn in whole or in part, the Treasurer shall forthwith recover upon or convert the security therefor into money and disburse it according to law.

16533. If at any time the security deposited with the Treasurer is not deemed satisfactory by the Treasurer, he may require such additional security as is satisfactory to him.

Article 3. Custody of Securities

16550. As used in this article, "qualified trust company" means the trust department of any State or National bank in this State or a trust company authorized to act as such in this State.

16551. With the consent of the bank owning securities deposited or to be deposited with him as security, the Treasurer may:

- (a) Authorize any qualified trust company, other than the depositor bank, or the Federal Reserve Bank of San Francisco or any branch thereof or any state or national bank located in any city designated as a reserve or central reserve city by the Board of Governors of the Federal Reserve System to receive as his agent deposits of any securities approved under this chapter.
- (b) Place and maintain for safekeeping as a trust deposit with any qualified trust company, other than the depositor bank, or with the Federal Reserve Bank of San Francisco or any branch thereof any securities that have been received by him under this chapter.
- (c) Whenever any qualified trust company accepts such securities under paragraph (a) or (b) such trust company, with the prior approval of the

Treasurer, may keep such securities for safekeeping with any state or national bank located in a city designated as a reserve or central reserve city by the Board of Governors of the Federal Reserve System.

16552. The Treasurer shall take from the qualified trust company or from the Federal Reserve Bank of San Francisco or a branch thereof a receipt for any securities received by it under this article. Neither the Treasurer nor the State is responsible for the custody and safe return of such securities until they are withdrawn from the qualified trust company or from the Federal Reserve Bank of San Francisco or a branch thereof by the Treasurer.

16553. Any qualified trust company or the Federal Reserve Bank of San Francisco or any branch thereof to which securities are delivered, either as agent or depositary for the Treasury, shall make such disposition of the securities as the Treasurer directs and is responsible only for strict compliance with written instructions given to it by the Treasurer. All such securities are at all times subject to the order of the Treasurer.

16554. The charges of any qualified trust company or of the Federal Reserve Bank of San Francisco or a branch thereof for the handling and safekeeping of such securities are not a charge against the Treasurer but shall be paid by the owner.

16560. The Treasurer shall enter into such contracts with such depositaries as in his judgment will be to the public advantage so to do. The contracts shall fix the duration of deposits and the rates of interest to be received, if any, the interest payment dates, and provide conditions for their withdrawal, repayment, and security.

16561. In order to obtain as high rates of interest as possible, the contracts may contain any conditions necessary to conform with Section 19 of the Federal Reserve Act, as amended, and with regulations established pursuant thereto by the Board of Governors of the Federal Reserve System, and demand deposits shall be subject to withdrawal at any time upon demand of the Treasurer.

16562. The contracts covering demand state deposits shall provide that each depositary shall render daily to the Treasurer a statement of the account showing the date of deposits, payments or withdrawals there from made during the day and the balance or amount of money of the state held by it at the close of the day. In the event that such demand deposits are interest bearing, the contract also shall provide that on the interest payment dates the depositary shall also furnish a statement showing the amount of interest due thereon together with the payment of the interest due. The contracts covering time or interest-bearing term deposits

shall provide that the interest to be paid by the depositary bank shall be paid upon the expiration of the certificate or certificates of deposit issued as a part of the contract. The contract may also provide for periodic interest payments during the term of the deposit. The contract governing time deposits shall also provide that the amounts of interest shall be reported by the depositary bank at the time of payment of the interest, by statement showing the balances or amounts of money of the state held by it during the period and the amount of accrued interest thereon.

16563. The contracts shall be executed by the depositaries in triplicate. The Treasurer shall file one copy of each contract with the Controller.

16564. At the time of depositing State money in any bank, designated as a depositary, the Treasurer shall take and preserve a receipt, certificate of deposit, or such other evidence of the deposit as the Treasurer may require, stating the amount deposited and referring to the contract made between the depositary bank and the Treasurer.

16565. On the order of the Treasurer, depositary banks shall handle, collect and pay all checks, drafts and other exchange in the same manner and under the same conditions as checks, drafts, and other exchange of other depositors are handled, collected and paid.

Chapter 4.5. Savings and Loan Association Deposits

Article 1. General

16600. (a) As used in this chapter, the following definitions shall apply:

(1) "Eligible savings and loan association" means a state or federal savings association, as defined in Section 5102 of the Financial Code, located in this state, insured by the Federal Savings and Loan Insurance Corporation, and selected by the Treasurer for the safekeeping of money belonging to or in the custody of the state. An "eligible savings and loan association" must have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of the association's record of meeting the credit needs of the state's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

(2) "Eligible credit union" means a state or federal credit union located in this state, insured by the National Credit Union Administration, and selected by the Treasurer for the safekeeping of money belonging to or in the custody of the state.

(b) An eligible savings and loan association or credit union is eligible to receive deposits only to the extent it furnishes the security required by this chapter.

16601. Notwithstanding Section 16502, all other money in the State Treasury or under the control of the Treasurer belonging to or in the custody of the state, shall, so far as possible, be deposited by the Treasurer to the credit of the state in eligible banks as defined in Section 16500, eligible savings and loan associations, and eligible credit unions. Any sum in the State Treasury so deposited is deemed to be in the State Treasury. Any other amount so deposited is deemed to be held in trust by the Treasurer.

16602. Subject to the limitations of Article 4.5 (commencing with Section 16480) of Chapter 3, the Treasurer shall determine what amounts of money shall be deposited as deposits in savings and loan associations, and credit unions, and the rates of interest to be received.

16603. Subject to the applicable contract, the Treasurer may call in money from deposits in savings and loan associations and credit unions and place it in demand deposits in banks when necessary to meet current requirements.

16604. Deposits in any savings and loan association or credit union shall not exceed the total of its net worth.

16605. Notwithstanding Section 16506, all money belonging to or in the custody of the state under the control of any state officer or employee, other than the Treasurer, except petty cash funds authorized by the Department of Finance, shall be deposited in state or national banks in this state, state and federal savings associations in this state, as defined in Section 5102 of the Financial Code, and credit unions in this state, and under conditions as the Director of Finance prescribes. Savings and loan associations or credit unions receiving deposits shall be required to deposit with the Treasurer the same security as is required by this chapter for deposits made by the Treasurer. Savings and loan associations or credit unions receiving deposits of money from a county advanced or apportioned to it pursuant to Section 4481 of the Food and Agricultural Code shall be required to secure deposits in accordance with Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5.

16606. A state officer is not liable on his or her official bond for losses caused by the failure of a savings and loan association or credit union in which a deposit is made of money belonging to an inmate of a state institution, if the officer was required or permitted by law to act as a trustee or fiduciary with respect to the money and if he or she made the deposit in good faith and in accordance with law.

16607. The Treasurer is not responsible for any money deposited in a savings and loan association or credit union pursuant to this chapter, and while it remains so deposited.

16608. The Treasurer is responsible for the safekeeping, management and disbursement of the certificates of deposit received and the securities deposited with him, the interest received on deposits, and the proceeds of any sale under this chapter. The state is responsible for the custody and safe return of any securities so deposited.

16609. Any state officer or employee who deposits any money belonging to or in the custody of the state in any manner other than as prescribed in this chapter or Chapter 4 (commencing with Section 16500) is subject to forfeiture of his office or employment.

Article 2. Security for Deposits

16610. Security shall not be required for that portion of any deposit that is insured under any law of the United States.

16611. To be eligible to receive and retain deposits, a savings and loan association and credit union shall deposit with the Treasurer as security for deposits, securities specified in Section 16612, and approved by the Treasurer, in an amount in value

at least 10 percent in excess of the amount deposited with the savings and loan association or credit union.

16612. The following securities may be received as security for deposits:

- (a) Bonds, notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as such loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949 (42 U.S.C. Sec. 1452 et seq.)) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (c) Bonds of this state or of any county, city, town, metropolitan water district, municipal utility district, municipal water district, bridge and highway district, flood control district, school district, water district, water conservation district or irrigation district within this state, and, in addition, revenue on tax anticipation notes, and revenue bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by this state, or such local agency or district, or by a department, board, agency, or authority thereof.
- (d) Registered warrants of this state.
- (e) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, consolidated obligations of the Federal Home Loan Banks established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association and of the Government National Mortgage Association established under the National Housing Act as amended, in the bonds of any federal home loan bank established under said act, bonds, debentures, and other obligations of the Federal Home Loan Mortgage Corporation established under the Emergency Home Finance Act of 1970, and in bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended.
- (f) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.
- (g) Promissory notes secured by first mortgages and first trust deeds upon residential real property located in California, provided that:

- (1) Notwithstanding Section 16611, the promissory notes shall at all times be in an amount in value at least 50 percent in excess of the amount deposited with the savings and loan association;
- (2) The State Treasurer issues regulations, establishes procedures for determining the value of the promissory notes and develops standards necessary to protect the security of the deposits so collateralized;
- (3) The depository may exercise, enforce, or waive any right or power granted to it by promissory note, mortgage, or deed of trust; and
- (4) The following may not be used as security for deposits:
 - (i) Any promissory note on which any payment is more than 90 days past due,
 - (ii) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust, or
 - (iii) Any promissory note secured by a mortgage or deed of trust as to which a notice of default has been recorded pursuant to Section 2924 of the Civil Code or an action has been commenced pursuant to Section 725a of the Code of Civil Procedure.

(h) Bonds issued by the State of Israel.

(i) Letters of credit issued by the Federal Home Loan Bank of San Francisco, which shall be in the form and shall contain provisions as the Treasurer may prescribe, and shall include the following terms:

- (1) The Treasurer shall be the beneficiary of the letter of credit.
- (2) The letter of credit shall be clean and irrevocable, and shall provide that the Treasurer may draw upon it up to the total amount in the event of the failure of the savings and loan association or credit union or if the savings and loan association or credit union refuses to permit the withdrawal of funds by the Treasurer or any other authorized state officer or employee.

16613. If it appears to him or her necessary for the security of the state, the Treasurer shall require as a condition of eligibility that a savings and loan association or credit union furnish an indemnity bond approved by the Treasurer, conditioned against loss by any depreciation in value that may occur in securities deposited as security for the safekeeping and prompt payment of deposits. The sureties shall not be stockholders of the principal.

16614. In lieu of deposits of securities, any otherwise eligible savings and loan association or credit union may deposit with the Treasurer bonds of admitted surety insurers as security for demand and time deposits.

16615. An admitted surety insurer is not eligible as surety for deposits in any one savings and loan association or credit union in amounts in excess of 10 percent of

the capital and surplus of the surety as shown in the preceding report issued by the United States Treasury Department.

16616. On demand of the Treasurer, the Insurance Commissioner shall issue a certificate showing the qualifications of any admitted surety insurer as surety for deposits.

16617. The bond of an admitted surety insurer shall not be accepted as security for deposits unless it has been certified by the Insurance Commissioner as meeting the requirements of this chapter and unless it also holds a certificate of authority from the United States Treasury Department under which it is eligible as surety on federal bonds.

16618. The form of bonds required under this chapter shall be prescribed by the Attorney General.

16619. A surety upon any bond to secure deposits may terminate the bond as to future liability by giving 10 days' written notice of termination to the Treasurer. Such notice of termination shall not affect any liability accruing prior to the expiration of the 10-day period. Within 10 days after receipt of such a notice of termination, the Treasurer shall require other acceptable security or withdraw the deposits secured by the bond to be terminated.

16620. That portion of any security for deposit that is in excess of the requirements of this article may be withdrawn or released on the written consent of the Treasurer.

16621. If any savings and loan association or credit union fails to pay all or any part of deposits on demand of the Treasurer, pursuant to the terms and conditions of the contract relating to the deposit that is to be withdrawn in whole or in part, the Treasurer shall forthwith recover upon or convert the security therefor into money and disburse it according to law.

16622. If at any time the security deposited with the Treasurer is not deemed satisfactory by the Treasurer, he may require such additional security as is satisfactory to him.

Article 3. Custody of Securities

16625. As used in this article, "qualified trust company" means the trust department of any state or national bank in this state or a trust company authorized to act as such in this state.

16626. With the consent of the savings and loan association or credit union owning securities deposited or to be deposited with him or her as security, the Treasurer may:

(a) Authorize any qualified trust company or the Federal Reserve Bank of San Francisco or any branch thereof or any state or national bank located in any city designated as a reserve or central reserve city by the Board of Governors of the Federal Reserve System or the Federal Home Loan Bank of San Francisco to receive as his or her agent deposits of any securities approved under this chapter.

(b) Place and maintain for safekeeping as a trust deposit with any qualified trust company, or with the Federal Reserve Bank of San Francisco or any branch thereof or the Federal Home Loan Bank of San Francisco any securities that have been received by him or her under this chapter.

(c) Whenever any qualified trust company accepts securities under paragraph (a) or (b) the trust company, with the prior approval of the Treasurer, may keep the securities for safekeeping with any state or national bank located in a city designated as a reserve or central reserve city by the Board of Governors of the Federal Reserve System.

16627. The Treasurer shall take from the qualified trust company or from the Federal Reserve Bank of San Francisco or a branch thereof or the Federal Home Loan Bank of San Francisco a receipt for any securities received by it under this article. Neither the Treasurer nor the state is responsible for the custody and safe return of such securities until they are withdrawn from the qualified trust company or from the Federal Reserve Bank of San Francisco or a branch thereof or from the Federal Home Loan Bank of San Francisco by the Treasurer.

16628. Any qualified trust company or the Federal Reserve Bank of San Francisco or any branch thereof or the Federal Home Loan Bank of San Francisco to which securities are delivered, either as agent or depository for the Treasury, shall make such disposition of the securities as the Treasurer directs and is responsible only for strict compliance with written instructions given to it by the Treasurer. All such securities are at all times subject to the order of the Treasurer.

16629. The charges of any qualified trust company or of the Federal Reserve Bank of San Francisco or a branch thereof or the Federal Home Loan Bank of San Francisco for the handling and safekeeping of such securities are not a charge against the Treasurer but shall be paid by the owner.

16630. The Treasurer shall enter into contracts with savings and loan associations as in his or her judgment will be to the public advantage so to do. The contracts shall fix the duration of deposits and the rates of interest to be received, if any, the interest payment date, and provide conditions for their withdrawal, repayment, and security.

16631. In order to obtain as high rates of interest as possible, the contracts may contain any conditions necessary to conform with Section 5B of the Federal Home Loan Bank Act, as amended (12 USC Sec. 1425 (b)), and with regulations established pursuant thereto by the Federal Home Loan Bank Board.

16632. The contracts covering deposits shall provide that the interest to be paid by the savings and loan association or credit union shall be paid upon the expiration of the certificate or certificates of deposit issued as a part of the contract. The contract may also provide for periodic interest payments during the term of the deposit. The contract governing deposits shall also provide that the amounts of interest shall be reported by the savings and loan association or credit union at the time of payment of the interest, by statement showing the balances or amounts of money of the state held by the association or credit union during the period and the amount of accrued interest thereon.

16633. The contracts shall be executed by the savings and loan associations and credit unions in triplicate. The Treasurer shall file one copy of each contract with the Controller.

16634. At the time of depositing state money in any savings and loan association or credit union, designated as a depository, the Treasurer shall take and preserve a receipt, certificate of deposit, or any other evidence of the deposit as the Treasurer may require, stating the amount deposited and referring to the contract made between the depository savings and loan association or credit union and the Treasurer.